	date 1.10 ma 02000 02 2. December 222 med 12120,20 mag 10. To
1	IN THE UNITED STATES DISTRICT COURT
2	FOR THE DISTRICT OF NEW MEXICO
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4	IN RE: SANTA FE NATURAL TOBACCO COMPANY MARKETING
5	AND SALES PRACTICES LITIGATION,
6	NO. 16-MD-2695 JB/LF
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11	Transcript of Motion Proceedings before
12	The Honorable James O. Browning, United States District Judge, Albuquerque, Bernalillo County,
13 14	New Mexico, commencing on October 26, 2018.
15	For the Plaintiffs: Mr. Scott Schlesinger; Ms. Erika Anderson; Mr. Nicholas Koluncich
16	For the Plaintiffs (Via telephone): Mr. Jeffrey Haberman; Mr. Matt Schultz
17	For the Defendants: Mr. Andrew Schultz; Mr. Peter
18	Biersteker; Mr. David Monde
19	For the Defendants (Via telephone): Ms. Sharyl Reisman
20	
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Τ	THE COURT: Good morning everyone. I
2	appreciate everyone making themselves available to me
3	this morning.
4	All right. The Court will call In Re:
5	Santa Fe Natural Tobacco Company Marketing and Sales
6	Practice and Products Liability Litigation, No. MD
7	16-2695 JB/LF.
8	If counsel will enter their appearances for
9	the plaintiffs.
L 0	MR. SCHLESINGER: Good morning, Judge. May
L1	it please the Court. Scott Schlesinger for the
.2	plaintiffs.
L 3	THE COURT: Mr. Schlesinger, good morning
L 4	to you.
L 5	MR. KOLUNCICH: Good morning, Your Honor,
L 6	counsel. Nicholas Koluncich on behalf of plaintiffs.
L 7	THE COURT: Mr. Koluncich, good morning to
L 8	you.
L 9	MS. ANDERSON: Erika Anderson, Your Honor,
20	also on behalf of the plaintiffs.
21	THE COURT: All right. Ms. Anderson, good
22	morning to you.
23	Is there anybody on the phone from the
24	plaintiffs' side? Who is on the phone?
25	MR. SCHULTZ: Good morning, Your Honor.



1	Matt Schultz with Levin Papantonio in Pensacola. And
2	on our end, Your Honor, there is maybe some car noise
3	or something that's making it difficult to hear
4	y'all.
5	THE COURT: It's not too bad. Mr. Schultz,
6	good morning to you. Anyone else on the phone?
7	MR. HABERMAN: Good morning, Your Honor.
8	Jeffrey Haberman from Scott Schlesinger's office.
9	THE COURT: All right. Mr. Haberman, good
10	morning to you.
11	Anyone else on the plaintiffs' side that is
12	on the phone?
13	All right. For the defendants?
14	MR. MONDE: Good morning, Judge. David
15	Monde on behalf of the defendants.
16	THE COURT: Mr. Monde, good morning to you.
17	MR. MONDE: Good morning.
18	MR. BIERSTEKER: Good morning, Your Honor.
19	Peter Biersteker.
20	THE COURT: Mr. Biersteker, good morning to
21	you.
22	MR. SCHULTZ: Your Honor, Andrew Schultz
23	for the defendants.
24	THE COURT: Mr. Schultz, good morning to
25	you.



1	All right
2	MR. MONDE: Judge, we have someone on the
3	phone as well.
4	THE COURT: Okay. I'm sorry, I should have
5	asked that. Who do you have? Ms. Reisman?
6	MS. REISMAN: That's correct, Your Honor.
7	Good morning.
8	THE COURT: All right. Ms. Reisman, good
9	morning to you. Anyone else for defendants?
10	All right. I apologize about that.
11	All right. I have reviewed all the filings
12	on your dispute about the scheduling order. It
13	seemed to me that everybody was in agreement that the
14	schedule needed to be amended. It was a little
15	unclear in spots, but I'm assuming that everybody
16	thinks it needs to be amended.
17	I'm all for trying to cut seven weeks or
18	two months out of the schedule to try to get this
19	thing moving along, but I guess I'm not interested in
20	trying to use this opportunity to restructure what
21	we've always had, and go to instead of a staggered
22	disclosure, go to a simultaneous disclosure. I'm not
23	sure that, A, that would be appropriate at this
24	stage, given that we've always said that we were



going to have staggered, and change it; at this

point, I'm not sure it would be fair to the defendants. And I also think that, generally, staggered is better to try to get the rebuttal in a proper posture so the person that has the burden of proof -- and that being the plaintiffs here -- have a chance to have rebuttal experts.

So I labeled these as Exhibit As and Bs. think you did, too. The only thought that possibly crossed my mind is that at the bottom of what is Exhibit B, where you have "all expert depositions to be completed, " if there was some way to pick up that April deadline, of April 26, that all depositions be completed by that date; take the first four blocks on Exhibit B, and then everything else on Exhibit A, start with "all expert depositions to be completed," that would then get the time savings. But I don't know if anybody is interested in that other than me. So if they're not interested -- it would seem to me that probably what generally happens is the plaintiffs disclose their experts, they're deposed; and then the defendants disclose their experts, they're deposed; and then the disclosure of rebuttal witnesses, and if necessary, they're deposed.

So I'm not sure I quite understand why we need 60 days. It's actually more like 70 days before



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the -- all the expert depositions are completed. 1 2 if that's what y'all want, I'll sign Exhibit B and make that the order. If not, if there is something 3 4 to be done to try to trim some time out, that's a 5 proposal. I believe it's the plaintiffs' 6 All right. 7 motion to amend that laid this all out. Then I got a So, Mr. Schlesinger, if you wish to speak 8 in support of your motion, you may do so at this 9 10 time. 11 MR. SCHLESINGER: I do. 12 THE COURT: Mr. Schlesinger. 13 MR. SCHLESINGER: Yes. Thank you, Judge. 14 Good morning. I've heard Your Honor's 15 inclination. You know, I will say that it wasn't 16 anything I didn't anticipate. But I will still arque 17 for a simultaneous disclosure. And I'll keep it My conceptualization of this is that, like a 18 19 medical malpractice case, sometimes the people that 20 know the facts and the evidence best are the 21 defendants. 22 And Your Honor may recall that, in excess 23 of a year ago, during some of the arguments we made on other issues, I identified the bulk of our 24 25 experts. And they know who they are because they've

deposed them many times. And the subject matter of their opinions about American Spirit, and what we contend are the deceptive nature of the advertising, suggesting that it's a healthier product is laid out in extensive sworn testimony.

Dr. Proctor was one of our experts. I alerted the defendants to him long ago. He was recently deposed before a trial we had -- a couple trials we had this year that I tried, where American Spirit figured prominently in the proofs at trial. And he was deposed extensively on no other subject than American Spirit extensively. It was a different firm; it was the King & Spalding firm, Mr. Jeff Furr. But the entirety of the subject matter was about American Spirit.

So there is just so much evidence in the record already from our experts about the subject matter. And there really aren't -- there is no mysteries. I mean, we have to show the economic damages, obviously, and we've got an expert on that who is working diligently. But the rest of our experts are so close to being ready to go, I'm happy to give them over anytime, even in advance of the deadlines in the scheduling order. We're just trying to move some of it back.



Apparently, in December of '17, there were some materials that were owed to us by defendants, and some of the documentary paperwork that they were supposed to get to us, they didn't get to us, and there has been sort of a side squabble going on about that, Your Honor may have picked up some information about, for an extended period of time. And it was not until deep into the summer that some of the omissions were corrected, and hundreds of thousands of additional documents were produced. We're still digesting them, and that's part of the reason why we're seeking to push the expert deadlines back a bit.

But we thought that, perhaps because the delays we argue were occasioned by this late disclosure of the defendants, that it might be equitable to reconsider the staggered disclosure, and try to make it more simultaneous in order to, as Your Honor said, trim some time off of this. Because the case is taking an extremely long time.

And one of the things that's a major concern to me -- and I've told Your Honor this many times -- I know there is an economic component to this, but there is a public health component as well; that being that the market share of the American



Spirit wholly owned company continues to rise, and the sales have gone up over 100 percent, even during the pendency of this litigation. And to the extent that's a harmful thing for young people and other addicted smokers to be buying a cigarette they think is healthier, which I will contend there is no other explanation in an otherwise down cigarette market for sales to be rising meteorically, there is no other reason except for an ongoing health reassurance misleading of consumers.

The labeling and the injunctive relief that I seek regarding the words "natural, organic and additive-free, " as long as that's on there, these sales will continue to rise. They're already at about 3 percent market share. There comes a point, like in the olden days with light cigarettes and Marlboro Light, there comes a point where, even after you take away the descriptor "light," like they did with Marlboro Light, and make it Marlboro Gold Pack, they've locked in the market share. They've locked in the perception that this is a healthier product. So at some point it won't matter as much for health purposes if we do get the injunctive relief granted and remove the descriptors "natural, organic," it won't matter as much, because time is on their side.

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What's interesting is -- and I'll show this 1 2 to Your Honor -- you may remember that -- may I 3 approach? You may. 4 THE COURT: I'll just give them to 5 MR. SCHLESINGER: You may remember that I had explained to the 6 7 Court some time ago that Philip Morris owned a company, Nat Sherman, that made a cigarette called 8 "Naturals." And they received the same warning 9 letter in September of 2015, from the FDA that 10 11 Reynolds, owning American Spirit, received: 12 your reference to Naturals is an implied health 13 descriptor that suggests a modified risk tobacco 14 product that hasn't gone through the proof of safety, 15 and therefore, it's an improper descriptor. Philip 16 Morris went ahead and complied. And I showed Your 17 Honor those old packs -- there may be a few still laying around, if Your Honor kept them -- where 18 19 Philip Morris changed Nat Sherman Naturals to what's 20 called Nat Sherman Select. That was how they immediately complied. 21 22 What's very interesting is, now, and 23 concomitant with the rise in sales of the Natural 24 American Spirit, Nat Sherman has gone and basically 25 duplicated the American Spirit package to try to

obtain some of that market share and sales. And if you look at those two packs, they've gotten very, very similar. And that's not the only color pattern that's similar.

What's also interesting is they no longer use the word "select." They now use a contraction, the word Nat's, and they're showing N-A-T apostrophe S, as possessive, but really what they're doing is they're using a contraction of the word "natural," which is ingenious. But it shows that it is an ongoing and clear present risk of public health that these companies, who are fierce competitors, are now aligning in a similar marketing scheme to achieve the benefit of this conceptualization of "natural" of what is a lethal product.

So I won't go any further than that, except to say that that is why I think time is of the essence. And I'm will to do anything, including Your Honor's suggestion of shortening the time to get all of the experts done. I'm willing to do anything to achieve that end.

THE COURT: Well, I don't know how the defendants would feel about this, but if you're ready to go with your disclosures, you know, we got completion of discovery, depositions of class reps,



all that done by the end of the month, but then there is a gap of 40 days before you disclose your experts. That's a great bulk of the time that we would save from going with the Exhibit B, or the alternative one, that the last date for that being the week of December 9 or 16, I think, and the Exhibit A, it's the October. So we're playing with two months, is what we're trying to trim down. Is there a way that that December 10th date could be cut down some? MR. SCHLESINGER: I think it could be, at least as to some of our experts. I mean, I've got to believe -- I think that one of the drags, the sea anchor in our expert disclosure was our pricing expert, the fellow talking about what are the economic damages with regard to the premium that folks are paying for these cigarettes? And I think that was our sea anchor that was dragging us. lot of these liability experts that will talk about fraudulent health reassurance: Dr. Proshaska, Dr. Proctor -- I mean, chances are they could give their depos tomorrow. Perhaps a long lengthy written report is still in the drafting stage, but these folks are certainly very close to being ready to go. And they can be put out, you know, put up pretty soon.

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THE COURT: What did you think about my
suggestion I mean, if you could do your
disclosures of some of your experts before December
10th? Did you understand what I was suggesting is
that we on Exhibit B we leave the first four blocks
the way they are, but then starting with "all expert
depositions be completed," then start going with
Exhibit A, so that they would be completed by April
26, and then use the rest of Exhibit A. What would
you think about that?
MR. SCHLESINGER: I'm happy to do that,
Judge. I did follow what you're saying, and the idea
of getting all the experts done under the plaintiffs'
proposal by April 26, even if the disclosures are
pushed back, I think we could do that. I think we
could do that. Most of these depositions I've got to
believe are done during a day-long deposition.
THE COURT: Well, that's what I was
thinking, is that probably as soon as you disclose
your experts, they're going to want to depose them
then; not wait till everything is disclosed. I would
think that's the way they'd want to do it.
MR. SCHLESINGER: And what I'll try to do,
Your Honor, is I'll try to disclose not only the

report, because I think the key to the disclosure is

the report, because they already know that I'm using 1 2 Dr. Proshaska and Dr. Cummings and Dr. Proctor. 3 the key to it is the report. But I'm happy to 4 disclose when we disclose the report a couple of alternative dates of deposition when these witnesses 5 can be available as well. Because, like I said, I'm 6 7 happy to do anything I can do to accelerate or 8 advance this. I remember when we first started and we 9 laid out the schedule, we were hoping we would know 10 11 one way or another whether we could get to a class 12 certification process sometime in the year 2018. And 13 now it looks like we're going to take up most of the 14 year 2019 to do it. So if that's what we're looking 15 at, I'm looking to shave time anywhere we can, Judge. 16 THE COURT: All right. Anything else 17 before we hear from the defendants? 18 MR. SCHLESINGER: No. Thank you, Mr. --19 THE COURT: All right. 20 MR. SCHULTZ: Can I make a suggestion before the plaintiffs are done? This is Matt Schultz 21 on the phone. 22 23 THE COURT: Yes, Mr. Schultz. 24 MR. SCHULTZ: And I've not spoken about 25 this with Scott. One area you touched on was the



length of time needed for depositions after the 1 2 defense disclosures. I think, having taken a lot of 3 these deposition -- and I suspect I'll be involved in 4 the expert depos -- I don't think there is any 5 question we can shave some time off of that. One other thing that occurred to me is we may have very 6 7 few or no rebuttal experts. And we've worked very well together, I think. And my notion is, if we were 8 9 to say, after getting the expert reports, Look guys, 10 we don't have any rebuttal experts, can we bump 11 everything back that 30 days, because that 30 days is 12 just sitting there that nobody needs for anything. 13 So just a thought that if we don't have rebuttal, 14 there is 30 days saved right there. 15 THE COURT: Okay. All right. Well, there 16 is a couple of things to play with. Anything else, 17 Mr. Schlesinger, before I hear from the defendants? 18 MR. SCHLESINGER: No, Your Honor. 19 THE COURT: All right. Thank you, 20 Mr. Schlesinger. Mr. Monde, is there anything you can work 21 22 with there? 23 MR. MONDE: To Mr. Schlesinger's point that 24 he's ready to do anything to move things ahead, I 25 would suggest that, again focusing on schedule B for



a moment, we move up the disclosure deadline for the plaintiffs to November 10th. That's going to save 30 days across the board right there.

THE COURT: Educate me a little bit. It sounded like he had one expert he might have some problems moving up. He might be ready on everything but a marketing expert.

MR. MONDE: Well, I was a bit confused, too, because I heard some different messages there. On the one hand, I heard he was mostly ready, and then perhaps there was this marketing expert, that he wasn't. And so clearly we want to get the reports before any depositions are taken. But, you know, whatever date Mr. Schlesinger is able to produce his reports before December 10th is saving us time, and I suggest that we do that. And let Mr. Schlesinger have time to confer with his co-counsel and decide now on a date that he can make his disclosures of all his experts. And we'll move all the dates up accordingly.

And then, secondly, I agree with Mr. Matt Schultz completely. We, except for this issue about potentially changing from staggered to simultaneous, the parties have worked well together, and I agree with Matt Schultz completely. If it turns out that

1	the plaintiffs do not intend to call rebuttal
2	experts, then we can move up all the corresponding
3	dates accordingly, and thereby save really all of the
4	time that the plaintiffs were seeking to gain back
5	here.
6	THE COURT: How do we mechanically do that?
7	Would what we do today is just simply enter a short
8	order that just has four dates on it, and then, if on
9	April 11 or I guess really on March 11, looking at
10	the schedule B, on March 11, if the plaintiffs decide
11	they don't need rebuttal then you come back in
12	MR. MONDE: Exactly.
13	THE COURT: and schedule the rest? Or
14	do I go ahead and enter an order scheduling this, and
15	then y'all come back in and amend the order? What,
16	mechanically, do you propose?
17	MR. MONDE: I think the first suggestion is
18	the one that makes more sense.
19	THE COURT: Just do a short order?
20	MR. MONDE: Short order; set a status
21	conference for the date on which the plaintiffs would
22	need to make their decision about rebuttal experts.
23	And I would imagine that that's something that we
24	could then just deal even in a telephonic conference
25	in terms of setting the rest of the schedule. So we



really join in that.

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But the driver of all that, of course, is getting a commitment from the plaintiffs on a date that they can disclose all of their expert reports. So my suggestion is to give --

THE COURT: How would you feel if I asked

Mr. Schlesinger -- let's say he said: I can get

everyone disclosed by November 10th, except this

marketing expert, and I need more time on that, does

that help you to have early disclosure on the bulk of

the experts, and then have one out there that comes

in a little later?

MR. MONDE: At the margins, yes; materially, no. And the reason being that we really need to know the full scope of their claims before we go ahead and finalize a strategy for response, including taking depositions.

And, as Your Honor knows from experience, while experts believe they have their own very tight, narrow swim lanes to swim in, there is overlap. And so I believe that the more efficient and the better thing to do, that still accomplishes the goals of everyone here, is to have them commit to a date certain when they can disclose all of their experts. And then we structure the next four blocks, as Your

Honor said, accordingly.

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by June 11.

THE COURT: All right. What else?

MR. MONDE: If I may, just briefly, when we were last together with the Court telephonically in June, we had written a letter to the Court explaining that because of the predictive coding mistakes that had been made, that we needed to make a supplemental production of documents. And that we had done that

Mr. Matt Schultz had raised the prospect of a motion to compel. Your Honor asked him: Well, you know, they've owned up to their mistake, they've committed to fix it, what is it that you would have the Court do? And Mr. Schultz suggested that he needed a 30(b)(6) deposition to really be able to answer that question.

That deposition has taken place. All of the documents have been produced. And, Judge, that was five months ago that they got those. We committed at that telephonic hearing to pay the expenses for the plaintiffs' lawyer taking the 30(b)(6) deposition; we paid those, without being asked, after the deposition.

So we have honored our commitments that we made at that telephonic conference. And that issue



is long past us.

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Furthermore, in that conference, I held open the possibility that the plaintiffs might need to reopen depositions because of the additional materials produced, or they might need to take additional fact witness depositions. They did neither. Not a single additional fact witness has been deposed because of that supplemental production, nor has a single deposition been reopened.

But when Mr. Schlesinger talks about concern about the delay, there are some issues that we're concerned about that do need to be resolved very soon before fact discovery closes. And these are issues that I've been discussing with Mr. Matt Schultz and Jeff Haberman for some time.

Specifically, the plaintiffs elected to substitute in a new named plaintiff, a gentleman by the name of Clive Pontusson. And they filed their action in another district court. They went to the MDL panel to get a transfer. The MDL panel transferred Mr. Pontusson. They issued a conditional transfer order. But that order is not effective until it's docketed in this court, and it hasn't been docketed yet.

In addition, the plaintiffs need to amend



their complaint to add Mr. Pontusson. And then the parties need to come to an agreement, which we can readily do, to obviate the need to rebrief the motion to dismiss, while preserving our rights on the Court's prior ruling on that. And then we need to do, really, a short form answer, I would suggest, that deals with Mr. Pontusson's allegations.

The point being that, when they chose to add this person after fact discovery had closed under the current order, we promptly deposed him. We deposed him within a couple of weeks. But there are important procedural steps that still need to take place before fact discovery can close here.

The other item -- I said there were two -the second item is that one of their clients, a named
plaintiff, a gentleman by the name of Albert Lopez,
has been unavailable for deposition. We noticed him
in May. Plaintiffs needed to cancel him at the last
moment in June. And we have not been able to depose
him since. We've not brought it to the Court's
attention because I had an agreement with the
plaintiffs that they would either make Mr. Lopez
available by September 30, or they would dismiss him.
We're fine either way. But they still have not done
either of those. And so, if they want to proceed



with Mr. Lopez, that's fine with us, but we need a chance to depose him. And, obviously, he needs to be deposed before fact discovery closes.

So we've got those issues. They are things that can be readily addressed. You've got counsel that are cooperating. This need not be a monkey wrench in the plan that we appear to be working out with the Court. But they're items, nonetheless, that need to be addressed.

And to the extent that Mr. Schlesinger has concerns about the pace of things, we certainly don't need to get into the weeds of that at all today. But suffice to say that both parties have agreed to all the prior extensions because both needed them.

THE COURT: All right. Thank you,
Mr. Monde.

Mr. Schlesinger, I think you're in the driver's seat on this. Do you want to try to -- I don't see anybody pushing back on the October 31 date that y'all had to complete discovery. But what about the December 10th? Anything you want to do with that?

MR. SCHLESINGER: Well, I'll tell you, gaging my brain trust, you know, they wanted December 10th, but I think it was primarily because we've got

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an economist expert and a marketing or advertising 1 2 expert that we're still working with. But those four 3 names that I've got, you know, if I can disclose them 4 November 10th with reports, I will, Judge, you know, 5 and I don't see -- I think we can probably do that. They know these folks; they know Pierson, they know 6 7 Proshaska, they know Proctor, they know Cummings. 8 THE COURT: You say December 10th, but 9 that's what you have down here. 10 MR. SCHLESINGER: Right. 11 THE COURT: Do you just want to keep that? 12 MR. SCHLESINGER: I quess so. But I will 13 tell Your Honor that I will try to disclose, with 14 reports, at least those five experts I've named by 15 November 10th. And I'll exhort them myself to wrap 16 up the reports so that I can disclose them. Because 17 under Rule 26, when I disclose them, I have to 18 disclose them with the reports. But I've already 19 told everybody who they are. And it gives defense 20 time to look through other testimony. But you think you'll need till 21 THE COURT: 22 December 10th to get that fourth expert? 23 MR. SCHLESINGER: For the two folks, the 24 economist and the advertising/marketing expert, yes, 25 I need till December 10th.

PROFESSIONAL COURT REPORTING SERVICE

THE COURT: So I guess, then, if we're 1 going to stick with the December 10th date, the 2 3 proposal then, I guess, on the table, would be for me 4 to just not enter anything after the March 11 date. So let the defendants disclose. And then you take a 5 look at it. I can set a date at y'all's convenience, 6 7 after March 11, for us to have a status conference. 8 Y'all don't have to come; you can get on the phone, whatever is convenient for you. But we not enter 9 10 anything else. You take a look at their reports, and 11 decide whether you want to have rebuttal experts. 12 you think you don't, then we can set a sooner date 13 for the rest of the deadlines at that point. 14 would you think about that? 15 MR. SCHLESINGER: I think that's a great 16 idea, Judge. I know that Matt was hoping we wouldn't 17 need a rebuttal expert. And I'm hoping he's right about that. But it does occur to me that the experts 18 19 that we did identify who will give the report may, 20 upon hearing an opinion from the defendants, they may want to supplement. So even though it might not be a 21 22 rebuttal expert, it might be in the nature of a

So I can envision Dr. Proctor, for

rebuttal opinion. But it might be from the same



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expert.



instance, reading a defendant's reports, and saying: 1 2 Wait a second, let me reflect on that and retort. 3 that's -- you know, and that wouldn't necessarily be 4 a new person, it might be a new opinion. THE COURT: Why don't I do this: Why don't 5 I enter an order that sets three dates, October 31st, 6 7 December 10th, March 11th. And then -- Mr. Gonzales, can you look at what we have after March 11th and 8 9 see --Yes, Your Honor. 10 THE CLERK: 11 Mr. Schlesinger, after you get THE COURT: 12 the disclosure of the defendants', do you want to 13 tell me about how long want to think about the 14 rebuttal experts, and then I'll --15 I would say, Judge, when MR. SCHLESINGER: 16 we get the disclosure with reports, within a week or 17 10 days we could advise them.

I will also say, Your Honor, if you want to allow that to stay in place, and commit to the April 26 deadline to depose all experts, I think we could do that as well. And I hope that when we're deposing experts, we don't have to also stagger the expert depositions. Once they've identified their opinions on paper, I would hope that we can just agree to schedule depositions as we get them done, and knock



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them out over a month or six weeks, and have ten 1 expert depositions taken without any preference of 2 who goes first; just get them done. Because I don't 3 4 know that they have to hear Dr. Proctor testify live 5 before I get to hear who they're putting up as an And my experience with them is their experts 6 7 are often in-house corporate representatives, 8 although I would hope that they'd have somebody academic as well. 9 10 THE COURT: Do you want to do what we have 11 an agreement on, and that's just set three dates, and 12 then set a hearing? Or do you want to do what Mr. 13 Schlesinger is saying, and take those three dates and 14 then pull that April 26, and then run it on out, just 15 keep the schedule that you have in Exhibit A, but use 16 the April 26 date as all depositions will be 17 completed by that date? The former. 18 MR. MONDE: 19 THE COURT: The former. 20 To do the first three dates; MR. MONDE: set a conference at the Court's convenience, not less 21 22 than 10 days after our disclosures on March 11. 23 then we can know if there is even an issue regarding 24 rebuttal experts, and if so, the scope of it.



A concern that I've got about setting the

April 26 deadline now is that that would give us just two weeks after their April 11th disclosure of rebuttals to, first of all, just understand what they're saying, and then take depositions. So that's why I suggest the Court's first suggestion is the way to go here.

My only other point is, again, a close of fact discovery on October 31st is just fine with us. But I would like the Court to make clear in its order that by that date Mr. Lopez either has to have been made available for deposition, or he needs to be dismissed, and that the parties are to submit to the Court, let's say within two weeks, a proposed order about how to deal with the addition of Mr. Pontusson from a procedural standpoint.

THE COURT: All right. Let's take them one at a time here. Let me look at -- what do we have, Mr. Gonzales, say, about March 22nd? What do we have in that timeframe?

THE CLERK: It looks clear.

THE COURT: What if I just enter the first three days: October 31st, December 10th, March 11th, and then we set a status conference for March 22nd, say at 8:30, would that work for everybody?

MR. MONDE: Yes, Your Honor.



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THE COURT: All right. Does that work for
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     you, Mr. Schlesinger?
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                                 Yes, Judge.
               MR. SCHLESINGER:
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               THE COURT: And then I think we'll be in a
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     little better position, rather than forcing you to
     try to guess whether you're going to have rebuttal
 6
     and what the time length is going to be to depose
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                    I think we'll have a better timeframe.
 8
     those people.
     And I'll make myself available.
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               If y'all get to that point, and you say,
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     here, we can now agree on the dates, you can submit
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     me an order. If you can't, then we'll have March
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            So I'm going to write here at the bottom,
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     status conference set for 8:30 a.m. on Friday, March
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     22, 2019. All right.
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               Now, let's take Mr. Lopez first. Can you
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     make a commitment to -- I guess the commitment is
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     that he be deposed by the end of the month.
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               MR. MONDE:
                           Judge --
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               MR. SCHLESINGER: I can tell you about
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     Mr. Lopez.
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               THE COURT: Let me first find out what you
     need from Mr. Monde, and then I'll hear whatever you
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     say.
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               MR. MONDE: I just need a date certain by
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which he be made available. There is no rhyme or reason or magic to October 31st. And, frankly, people's schedules may not allow for that. What we want to avoid at all costs is find ourselves in the middle of expert discovery and reports, and there is still an open issue regarding Mr. Lopez.

So as long as I have a commitment of counsel that, say for example, he'll be available by November 15, and either deposed by then or dismissed, that's certainly fine with us.

THE COURT: Could you give that commitment?

MR. SCHLESINGER: I'll tell you why I can't right now, Judge. Mr. Lopez is a fellow that we've tried to communicate with. And we've had an inability to contact him. And that's the only reason why we haven't put him up, is we just can't run him down. What we discussed with Mr. Monde was that we would either find him -- he's an Illinois plaintiff -- we're either going to find him and get responsiveness from him. The only rumor we got was from a cousin that he had been hospitalized. But we just don't have any details.

And Mr. Monde had tried to work out the possibility that we would substitute Mr. Lopez with another Illinois plaintiff. And one of our





plaintiffs, Joshua Horn, would probably qualify as an 1 2 Illinois plaintiff, because he's purchased and smoked 3 American Spirit cigarettes in Illinois. So we may be 4 able to have him be our Illinois plaintiff without 5 even substituting. But the larger point that I do want to 6 7 emphasize to the Court is that I don't think that 8 expert discovery is something that has to take place in absolute terms, only after any and all fact 9 10 discovery is done. That's always -- to me, that's 11 putting the cart before the horse and making 12 scheduling more important than the realities of 13 litigation. 14 Well, I don't think Mr. Monde THE COURT: 15 is insisting on that. He's shaking his head. 16 MR. SCHLESINGER: Right. THE COURT: But I do think that he's 17 entitled to probably a drop-dead date that, if the 18 19 deposition doesn't occur before a certain date, we're 20 either going to abandon Lopez, he's out of the case, something like that. So if it's not November 15, 21 22 what would you propose? 23 MR. SCHLESINGER: November 15 is fine,

I am still interested in taking corporate folks'

Because you're right. I agree. The reasons

Judge.

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depositions who have not been produced -- they've
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     produced who they selected for 30(b)(6), but they've
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     got some higher-ups, I mentioned more than a year
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     ago, such as Susan Cameron Ivy --
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               THE COURT: So let me get this Lopez down,
     and we'll go to something else.
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               How do I write it in the order?
                                                That the
     deposition of Lopez will take place by November 15,
 8
     or he'll be not in the case?
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               MR. MONDE: Or he'll be dismissed.
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               THE COURT:
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                           All right. So you can live
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     with that, Mr. Schlesinger?
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               MR. SCHLESINGER: Yes.
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               THE COURT: All right. So I'm going to
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     write that --
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               MR. SCHULTZ: Can I mention, Your Honor,
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     just on a procedural point?
                                  This is Matt Schultz.
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               THE COURT: Sure.
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               MR. SCHULTZ: And I spoke with David about
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     this. And my understanding was -- not that -- I
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     don't know that it matters, frankly -- but not that
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     we would dismiss him, but if Lopez was out of the
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     case when we amended our complaint to include
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     Pontusson, we would simply eliminate Lopez from that
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     complaint. And that would resolve the issue, as
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opposed to a deadline for dismissal.
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                           And, Judge, that alternative is
               MR. MONDE:
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     fine as well.
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               THE COURT:
                           Tell me then how to write it.
     I've got "Deposition of Lopez will take place by
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     November 15."
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               MR. MONDE:
                           "November 15, or the complaint
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     will be amended to drop Mr. Lopez as a named
    plaintiff."
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               THE COURT: All right. Is that okay with
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     you, Mr. Schlesinger?
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               MR. SCHLESINGER:
                                 Yes, sir.
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               THE COURT: All right. Give me a second to
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     write that down. All right. So that takes care of
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     Lopez.
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               Who is the other person?
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               MR. MONDE: Mr. Pontusson.
                                           It's spelled
     P-O-N-T-U-S-S-O-N.
                         The status of Mr. Pontusson is
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     that an individual action in a district court in
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    North Carolina was filed. The MDL panel has issued
     and entered a conditional transfer order.
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                                                That was
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    back on August 15. There has been some sort of a
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     communication snafu between the district court in
    North Carolina and the district court here, because
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     that CTO simply needs to be entered. But I checked
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the docket this morning, and it still isn't.

THE COURT: Do you think it's at their end or do you think it is our end?

MR. MONDE: I don't know, Judge.

THE COURT: What do you suggest I do to make that happen? Is there something in the clerk's office I can do?

MR. MONDE: It's ordinarily something that the plaintiffs take care of. I mean, it's a phone call. Because it may not just be with your clerk here. So I would urge, as I have in the past, the plaintiffs to just track down the status of that conditional transfer order and get it entered.

Once that happens, I would suggest that by that same November 15 date, the Court order that the complaint, at the same time it's going to be amended with regard to Mr. Lopez, if they drop him, that it be amended to add Mr. Pontusson. And then I would suggest that the Court direct the parties to confer and submit a joint order that addresses the other procedural issues that I raised. That obviates the need for further motion to dismiss briefing. That obviates the need for the Court to revisit any of its rulings. And that preserves the rights of all parties with regard to the Court's prior rulings on

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     that.
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               THE COURT: All right. Tell me how -- and
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     I'll clear this with the plaintiffs before I write it
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     in -- but tell me what you would want the order to
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     say on Mr. Pontusson.
                           That "by November 15,
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               MR. MONDE:
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    plaintiffs will amend the complaint to add Mr.
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     Pontusson as a named plaintiff."
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               THE COURT: And if I do that, does that
     take care of the rest of it?
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               MR. MONDE: As far as I'm concerned.
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     mean, Matt -- I suspect that Mr. Schultz is the
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     person I'd be dealing with primarily on this. And if
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    Matt agrees, he and I will go off and work on a
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     proposed order that takes care of these procedural
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              I fully anticipate we'll be submitting a
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     joint order. If there is an issue, we'll telephone
     the Court's clerk and advise of the issue, so we can
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     get it resolved.
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               THE COURT: Could you live with that
     language, Mr. Schultz, Matt Schultz?
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               MR. SCHULTZ: Yes, Your Honor.
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               THE COURT: All right. Does this work for
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    you, Mr. Schlesinger?
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               MR. SCHLESINGER:
                                 It does, Judge.
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contemplated his consent -- Mr. Pontusson's situation 1 2 is very different, insofar as he's been deposed, so 3 there is no absence of data for the defendant. 4 know what he has to say. He's been deposed. 5 can get this all done with a consent order, I think. THE COURT: All right. So what it now 6 7 says, Mr. Monde, is "Status conference set for 8:30 8 a.m. on Friday March 22, 2019. Deposition of Lopez 9 will take place by November 15, or the complaint will 10 be amended to drop Mr. Lopez as a named plaintiff. 11 By November 15, the plaintiffs will amend the 12 complaint to add Mr. Pontusson as a named plaintiff." 13 Does that take care of your concerns? 14 MR. MONDE: Yes. 15 All right. And what else? THE COURT: Is 16 there anything else that needs to be added to the 17 order, Mr. Schlesinger? Not for the plaintiffs. 18 MR. SCHLESINGER: 19 THE COURT: All right. So I'm going to 20 initial this down at the bottom. And today is the So I am entering three dates, plus those 21 26th. 22 handwritten comments. I'll hand that to Mr. Gonzales 23 and he can get that filed. 24 Did you have other things that you needed 25 to raise? You were talking about corporate



1 executives, and I saw Mr. Biersteker shaking his 2 head, so --3 MR. SCHLESINGER: I made him shift. 4 British American Tobacco finalized its 5 complete takeover of Reynolds. And I do believe that there is going to be -- and there has been quite a 6 7 change in the management. And I do believe there is 8 going to be somebody we're going to want from British American Tobacco back -- which is an English 9 10 company -- now that they're no longer on the American 11 Stock Exchange. I mean, it's just a different 12 I do believe, because they still wholly own 13 and run American Spirit and govern it through 14 Reynolds and everything, that there is going to be 15 someone --16 THE COURT: So you're looking for one 17 probably 30(b)(6) of the British company to nail down 18 that you got the right parties here? 19 MR. SCHLESINGER: And more than that, just 20 how they're ongoing with their wholly owned 21 subsidiaries. And then, of course, one of the gals 22 that was very prominent and important in American 23 Spirit and the takeover of the Lorillard brand, 24 Newport cigarettes, was Susan Cameron Ivy. 25 mentioned her more than once to Your Honor as someone



who is a higher-up. She's now retired in mid '17.

But I do believe they will control her. Other people
that are corporate higher-ups, but they haven't
designated, but folks that know a lot about the
product, the business, folks that we would like to
depose.

And, as Your Honor may recall, I fussed about the nature of this protective order that blankets the discovery that's been given so far, and I didn't believe there should be protection on it. And that's something that we also will at some point bring before Your Honor to consider.

So because it's a status conference, and I guess it's an opportunity to let Your Honor know about things that are on our mind, things that are of interest, these are things that are important to us, of interest. And while they may not be ripe for ruling today, I don't want to be heard in March from the defendants, of them saying: Why didn't they mention this in -- back around the time of Halloween? So I'm mentioning it, because they are matters of interest to me in prosecuting the case.

THE COURT: Any thoughts on those thoughts?

MR. MONDE: More than a few, Judge.

First of all, British American Tobacco is



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not a defendant or a party. It is not subject to the jurisdiction of this Court. And that acquisition was completed over a year ago.

So Mr. Schlesinger on the one hand says,
Oh, public health emergency -- or urgency, we need to
move this case along. And now he is proposing to
take a deposition of a nonparty, not subject to the
jurisdiction of this Court, a year -- more than a
year later? No.

If the Court would please refer back to both the Exhibit A and the Exhibit B orders proposed by plaintiff, they both call for the close of all fact discovery by October 31. That's five days from now. There was gracious, ample time for Mr. Schlesinger, if he felt there were other fact witness depositions to be taken, to take them. He has not.

Ms. Ivy -- Mr. Schlesinger raised Ms. Ivy back on the first initial status conference in May of 2016. They've deposed other senior executives, but never has Ms. Ivy been requested by the plaintiffs. It's simply too late.

And furthermore, under the current scheduling order fact discovery closed July 2. At that time we had the issue of the supplemental production that was going on. And we had agreed to



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make a 30(b)(6) witness available on that, and to let that deposition go forward. And if there were additional depositions necessary, flowing out of that deposition about predictive coding, we opened to the possibility of that.

Fact discovery either closed, or is due to close by October 31, even under both plaintiffs' proposals. And it's simply too late in the day for Mr. Schlesinger to be thinking about deposing people that he knew about and could have deposed at any time on a timely basis before this.

But most especially as to the deposition of BAT, that is inappropriate on so many levels. And it is inconsistent with Mr. Schlesinger's stated desire to move this case long into the expert discovery phase. And so we oppose any further fact depositions, except for the completion of Mr. Lopez, if he's going to be made available. Under their proposal, fact discovery closes in four days, five days, and that's what it ought to be.

MR. SCHLESINGER: And I would ask, Your
Honor, if you're of a mind -- I respect what
Mr. Monde says -- but I was in trial in tobacco cases
back-to-back-to-back all through May, June, and July.
And the corporate reps that they sent to me to



testify in the phase 2 punitive damages phases in cases against Reynolds, these guys had British accents, and they were new. And they didn't have British accents before. The corporate reps have changed. The corporate reps are coming from England They're Brits that have been infiltrating into this corporate structure. And that's part of the reason why I said expert disclosures, and what have you, notwithstanding, there is always the benefit to getting to the truth of things, and really understanding where you are in discovery. And our experts are going to be fine, even if we do take some corporate people. And some of the corporate people are going to be jurisdictional, because there are multiple layers of companies between Lorillard, Reynolds American -- now British American Tobacco -for jurisdictional purposes, it would be nice to get somebody up high to give us what everything is -- how everything is structured down low.

And it isn't as if we haven't had experience with Reynolds saying: You've got the wrong defendant, and RAI is the defendant, not RJR Tobacco Company. And now that the Brits own them, and have changed things around -- and I'm seeing it real-time in cases where American Spirit is part of



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the evidence in the case -- it just does occur to me that it's pertinent.

I've not been in front of Your Honor on this for quite some time. These are things that are coming to my state of knowledge.

THE COURT: Well, let's do this: Let's stick with the October 31st date. Everybody has been working toward this date to wrap up the factual discovery. If you get into this case, and all of a sudden they're telling you you've got the wrong defendant, I'm probably going to be pretty liberal to letting you depose somebody.

I guess, as much as I understand this case, I think you've got the right defendants. There may be somebody now that is a holding company there, but I think you've got the right defendants. You've still got all these people, their 30(b)(6); you've got their representations. I think you're pretty nailed down for class certification. I'm not seeing much of a problem. And I think we might be unraveling a lot of progress if we start getting third party depositions of the British folks.

So monitor it. Let's stick with what we've got. We got agreement on this. And if they start telling you you've got the wrong people, I'll be

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1 pretty liberal about trying to sort that out. 2 think we're okay right at the moment unless you've 3 got something more tangible. But let's stick with 4 what we've got, move forward. And if there is a 5 problem, I'll probably be pretty liberal to try to figure out what the problem is. 6 7 MR. SCHLESINGER: I can do that as well. 8 But I can also, just to give Your Honor an 9 anticipated potential, is that rebuttal experts are 10 one thing. I can envision their experts saying 11 things that may make me come back here and say: Ι 12 want rebuttal discovery. And they may bring 13 something up that maybe somebody at the levels that 14 they've produced doesn't know, that someone above 15 them does know. So I can envision that. I have to 16 wait and see how it shakes out with their experts. 17 But just to give Your Honor heads-up perhaps in the expert discovery there may be actual fact discovery 18 19 or executive discovery that I feel is justified 20 because of how the experts shake out. So I'll give Your Honor heads-up. 21 22 THE COURT: All right. Let's see how it 23 develops. 24 Does that work for you, Mr. Monde? 25 MR. MONDE: It does, Judge.



1 THE COURT: All right. What else can I do 2 for you today? What else do we need to discuss, Mr. 3 Schlesinger? 4 MR. SCHLESINGER: Sadie's still serves good blue corn enchiladas, Judge. I used to eat at 5 Sadie's when it was in the bowling alley. That's how 6 long I've been coming out from here for business. 7 8 finally got out there last night. 9 THE COURT: It was a good way to keep the 10 kids entertained. Which one do you go, the one on 11 4th Street or -- they've got different locations now. 12 MR. SCHLESINGER: I went to the one on 4th 13 I went there when they first opened it, because the first time I went there Bill Snead took 14 15 me to the bowling alley. And that was the first time 16 I'd ever had a sopapilla. I'd never even heard of 17 that before. We went to see some team roping, and then we went out to Sadie's. Back then, I couldn't 18 19 eat anything on the plate, it was so hot. 20 gotten used to it. 21 Other than that, plaintiff is good, Judge. 22 THE COURT: All right. Mr. Schultz, do you 23 have anything else? I know you're doing a lot of the 24 frontline work. Anything we need to discuss? 25 Anything else I can help you with?



1	MR. SCHULTZ: No. Thank you, Your Honor.
2	THE COURT: How about you, Mr. Monde?
3	MR. MONDE: Only a regret that Mr.
4	Schlesinger didn't invite me to dinner at Sadie's.
5	But other than that
6	THE COURT: Have you been to Sadie's?
7	MR. MONDE: I have not. I did go to The
8	Cellar on Lomas, and it was excellent, last night.
9	THE COURT: We'll get you to say "Lomas"
10	here. We'll get you trained here, you know?
11	MR. MONDE: Y'all come to Georgia sometime
12	and we can talk about that.
13	THE COURT: I was in Atlanta on Sunday. I
14	was judging a moot court over at Emery.
15	MR. MONDE: Excellent.
16	THE COURT: So I flew in from Denver on
17	Friday night. And then they had a dinner for us on
18	Saturday night at the Empire State downtown? Empire?
19	MR. MONDE: You know, I guess I lead a
20	boring life. I'm not really up to speed on the most
21	recent restaurants in Atlanta.
22	THE COURT: I had to fly out on Sunday.
23	Weather was good. The last time I was in Atlanta it
24	was a snowstorm so I was appreciative for the good
25	weather.



1	All right. Well, I certainly hate to drag
2	everybody from all parts of country for these things.
3	So if y'all ever want to do them by phone, don't
4	worry about it. You're not going to it's not
5	going to make any difference. I know I always wanted
6	to be where the judge was, so I know that feeling.
7	But I've learned to tell people no whether they're in
8	public, present, or on the phone. So it doesn't
9	matter.
10	All right. Well, y'all have a good
11	weekend, have safe trips back. We'll see y'all on
12	the 22nd in some form or fashion. Call us if you
13	need anything.
14	(The Court was adjourned.)
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3	UNITED STATES OF AMERICA
4	DISTRICT OF NEW MEXICO
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7	I, Jennifer Bean, FAPR, RDR, CRR, RMR, CCR,
8	Official Court Reporter for the State of New Mexico,
9	do hereby certify that the foregoing pages constitute
10	a true transcript of proceedings had before the said
11	Court, held in the District of New Mexico, in the
12	matter therein stated.
13	In testimony whereof, I have hereunto set my
14	hand on November 2, 2018.
15	
16	
17	
18	Jennifer Bean, FAPR, RMR-RDR-CCR
19	Certified Realtime Reporter United States Court Reporter
20	NM CCR #94 333 Lomas, Northwest
21	Albuquerque, New Mexico 87102 Phone: (505) 348-2283
22	Fax: (505) 843-9492
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